

Remarks by

Alan Greenspan

Chairman

Board of Governors of the Federal Reserve System

Washington, D.C.

Announcement of

New Currency Design

Bureau of Engraving and Printing

Washington, D.C.

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RR-1754

Thank you, very much, Mr. Secretary. I needn't tell you that the Federal Reserve is quite pleased to be part of this event.

As many of you know, the Federal Reserve has the responsibility of putting currency into circulation through the banking system.

We are most gratified with the successful introduction of the new \$100 Note. To date, more than one third of all \$100 bills in circulation are Series 1996 notes.

These newly designed \$50 Notes will be handled in the same way as the old \$50 Notes.

Banks obtain the currency they need for their customers from their district Federal Reserve Banks, and they dispose of surplus currency by returning it to their Reserve Banks.

In this process the Reserve Banks also determine whether each Note is in good enough condition to be recirculated and to verify each Note for genuineness.

Approximately two thirds of all Notes received by the Reserve Banks in incoming deposits are fit enough to be recirculated.

The remaining third -- which are worn out or soiled -- are destroyed and replaced by new Notes obtained from the Bureau of Engraving and Printing.

On average only nine Notes in every million are found to be counterfeit.

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The introduction of the new \$50 currency will work the same way as the introduction of the new \$100 Notes.

The new \$50s -- the second in the series -- will be ready for circulation this fall.

As banks deposit Notes in the regular course of business, the Reserve Banks will replace any older design Notes with Notes of the new design.

The Reserve Banks and their branches around the country provide currency to banks and other depositories in their territories as these institutions need it.

Consequently, not all bank customers will be seeing the new \$50 Notes immediately.

I want to assure you that old Notes will not be recalled or devalued. All existing notes will continue to be legal tender.

The United States has always honored its currency at its full face value, no matter how old.

Our currency is trusted and accepted by people throughout the world. Because of this special status, the protection of our currency from counterfeiting has long been a priority.

... So, rest assured that the Department of the Treasury and the Federal Reserve System remain firmly committed to that goal.

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And now, Mr. Secretary, I believe we are ready to introduce the redesigned currency.

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